

SECOND REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR

SENATE BILL NO. 987

92ND GENERAL ASSEMBLY

Reported from the Committee on Commerce and the Environment, March 15, 2004, with recommendation that the Senate Committee Substitute do pass and be placed on the Consent Calendar.

3305S.03C

TERRY L. SPIELER, Secretary.

AN ACT

To repeal sections 247.040 and 247.165, RSMo, and to enact in lieu thereof two new sections relating to water service to annexed areas.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 247.040 and 247.165, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 247.040 and 247.165, to read as follows:

247.040. 1. Proceedings for the formation of a public water supply district shall be substantially as follows: a petition in duplicate describing the proposed boundaries of the district sought to be formed, accompanied by a plat of the proposed district, shall be filed with the clerk of the circuit court of the county wherein the proposed district is situate, or with the clerk of the circuit court of the county having the largest acreage proposed to be included in the proposed district, in the event that the proposed district embraces lands in more than one county. Such petition, in addition to such boundary description, shall set forth an estimate of the number of customers of the proposed district, the necessity for the formation of the district, the probable cost of the improvement, an approximation of the assessed valuation of taxable property within the district and such other information as may be useful to the court in determining whether or not the petition should be granted and a decree of incorporation entered. Such petition shall be accompanied by a cash deposit of fifty dollars as an advancement of the costs of the proceeding, and the petition shall be signed by not less than fifty voters or owners of real property within the proposed district and shall pray for the incorporation of the territory therein described into a public water supply district. The petition shall be verified by at least one of the signers [thereof] **of the petition, including a statement confirming that service has been made by certified mail to the city manager or the business office of any municipality with boundaries located not more than two miles from any boundary of the proposed district.**

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

2. Upon the filing of the petition, the same shall be presented to the circuit court, and such court shall fix a date for a hearing on such petition, as herein provided for. Thereupon the clerk of the court shall give notice of the filing of the petition in some newspaper of general circulation in the county in which the proceedings are pending, and if the district extends into any other county or counties, such notice shall also be published in some newspaper of general circulation in such other county or counties. The notice shall contain a description of the proposed boundary lines of the district and the general purposes of the petition, and shall set forth the date fixed for the hearing on the petition, which shall not be less than seven nor more than twenty-one days after the date of the last publication of the notice and shall be on some regular judicial day of the court wherein the petition is pending. Such notice shall be signed by the clerk of the circuit court and shall be published in three successive issues of a weekly newspaper or in a daily newspaper once a week for three consecutive weeks.

3. The court, for good cause shown, may continue the case or the hearing thereon from time to time until final disposition thereof.

4. Exceptions to the formation of a district, or to the boundaries outlined in the petition for the incorporation thereof, may be made by any voter or owner of real property in the proposed district **or by any municipality with boundaries located not more than two miles from any boundary of the proposed district**; provided, such exceptions are filed not less than five days prior to the date set for the hearing on the petition. Such exceptions shall specify the grounds upon which the exceptions are being made. If any such exceptions be filed, the court shall take them into consideration in passing upon the petition and shall also consider the evidence in support of the petition and in support of the exceptions made. Should the court find that the petition should be granted but that changes should be made in the boundary lines, it shall make such changes in the boundary lines as set forth in the petition as to the court may seem meet and proper, and thereupon enter its decree of incorporation, with such boundaries as changed.

5. Should the court find that it would not be to the public interest to form such a district, the petition shall be dismissed at the costs of the petitioners. If, however, the court should find in favor of the formation of such district, the court shall enter its decree of incorporation, setting forth the boundaries of the proposed district as determined by the court pursuant to the aforesaid hearing. The decree of incorporation shall also divide the district into five subdistricts and shall fix their boundary lines, all of which subdistricts shall have approximately the same area and shall be numbered. The decree shall further contain an appointment of one voter from each of such subdistricts, to constitute the first board of directors of the district. No two members of such board so appointed or hereafter elected or appointed shall reside in the same subdistrict, except as provided in section 247.060. If no qualified person who lives in the subdistrict is willing to serve on the board, the court may

appoint, or the voters may elect, an otherwise qualified person who lives in the district but not in the subdistrict. The court shall designate two of such directors so appointed to serve for a term of two years and one to serve for a term of one year. And the directors thus appointed by the court shall serve for the terms thus designated and until their successors shall have been appointed or elected as herein provided. The decree shall further designate the name and number of the district by which it shall hereafter be officially known.

6. The decree of incorporation shall not become final and conclusive until it shall have been submitted to the voters residing within the boundaries described in such decree and until it shall have been assented to by a majority of the voters as provided in subsection 9 of this section or by two-thirds of the voters of the district voting on the proposition. The decree shall provide for the submission of the question and shall fix the date thereof. The returns shall be certified by the judges and clerks of election to the circuit court having jurisdiction in the case and the court shall thereupon enter its order canvassing the returns and declaring the result of such election.

7. If, upon canvass and declaration, it is found and determined that the question shall have been assented to by a majority of two-thirds of the voters of the district voting on such proposition, then the court shall, in such order declaring the result of the election, enter a further order declaring the decree of incorporation to be final and conclusive. In the event, however, that the court should find that the question had not been assented to by the majority above required, the court shall enter a further order declaring such decree of incorporation to be void and of no effect. No appeal shall lie from any such decree of incorporation nor from any of the aforesaid orders. In the event that the court declares the decree of incorporation to be final, as herein provided for, the clerk of the circuit court shall file certified copies of such decree of incorporation and of such final order with the secretary of state of the state of Missouri, and with the recorder of deeds of the county or counties in which the district is situate and with the clerk of the county commission of the county or counties in which the district is situate.

8. The costs incurred in the formation of the district shall be taxed to the district, if the district be incorporated otherwise against the petitioners.

9. If petitioners seeking formation of a public water supply district specify in their petition that the district to be organized shall be organized without authority to issue general obligation bonds, then the decrees relating to the formation of the district shall recite that the district shall not have authority to issue general obligation bonds and the vote required for such a decree of incorporation to become final and conclusive shall be a simple majority of the voters of the district voting on such proposition.

247.165. 1. Whenever all or any part of a territory located within a public water supply district organized pursuant to sections 247.010 to 247.220 is included by annexation within the corporate limits of a municipality, but is not receiving water service from such

district or such municipality at the time of such annexation, the municipality and the board of directors of the district may, within six months after such annexation becomes effective, develop an agreement to provide water service to the annexed territory. Such an agreement may also be developed within six months after August 28, 2001, for territory that was annexed between January 1, 1996, and August 28, 2001, but was not receiving water service from such district or such municipality on August 28, 2001, except that such territory annexed in a county of the first classification without a charter form of government and with a population of more than sixty-three thousand eight hundred but less than seventy thousand inhabitants must have been annexed between January 1, 1999, and August 28, 2001. For the purposes of this section, "not receiving water service" shall mean that no water is being sold within the annexed territory by such district or municipality. If the municipality and district reach an agreement that detaches any territory from such district, the agreement shall be submitted to the circuit court originally incorporating such district, and the court shall make an order and judgment detaching the territory described in the agreement from the remainder of the district and stating the boundary lines of the district after such detachment. The court shall also make any changes in subdistrict boundary lines it deems necessary to meet the requirements of sections 247.110 to 247.227. Such subdistrict lines shall not become effective until the next election after the effective date of the agreement. At such time that the court's order and judgment becomes final, the clerk of the circuit court shall file certified copies of such order and judgment with the secretary of state and with the recorder of deeds and the county clerk of the county or counties in which the district is located. If an agreement is developed between a municipality and a water district pursuant to this subsection, subsections 2 to 8 of this section shall not apply to such agreement.

2. In any case in which the board of directors of such district and such municipality cannot reach such an agreement, an application may be made by the district or the municipality to the circuit court originally incorporating such district, requesting that three commissioners develop such an agreement. Such application shall include the name of one commissioner appointed by the applying party. The second party shall appoint one commissioner within thirty days of the service of the application upon the second party. If the second party fails to appoint a commissioner within such time period, the court shall appoint a commissioner on behalf of the second party. Such two named commissioners may agree to appoint a third disinterested commissioner within thirty days after the appointment of the second commissioner. In any case in which such two commissioners cannot agree on or fail to make the appointment of the third disinterested commissioner within thirty days after the appointment of the second commissioner, the court shall appoint the third disinterested commissioner.

3. Upon the filing of such application and the appointment of three such commissioners, the court shall set a time for one or more hearings and shall order a public

notice including the nature of the application, the annexed area affected, the names of the commissioners, and the time and place of such hearings, to be published for three weeks consecutively in a newspaper published in the county in which the application is pending, the last publication to be not more than seven days before the date set for the first hearing.

4. The commissioners shall develop an agreement between the district and the municipality to provide water service to the annexed territory. In developing the agreement, the commissioners shall consider information presented to them at hearings and any other information at their disposal including, but not limited to:

(1) The estimated future loss of revenue and costs for the water district related to the agreement;

(2) The amount of indebtedness of the water district within the annexed territory;

(3) Any contractual obligations of the water district within the annexed area; and

(4) The effect of the agreement on the water rates of the district.

Such agreement shall also include a recommendation for the apportionment of court costs, including reasonable compensation for the commissioners, between the municipality and the water district.

5. If the court finds that the agreement provides for necessary water service in the annexed territory, then such agreement shall be fully effective upon approval by the court. The court shall also review the recommended apportionment of court costs and the reasonable compensation for the commissioners and affirm or modify such recommendations.

6. The order and judgment of the court shall be subject to appeal as provided by law.

7. If the court approves a detachment as part of the territorial agreement, it shall make its order and judgment detaching the territory described in the petition from the remainder of the district and stating the boundary lines of the district after such detachment. The court shall also make any changes in subdistrict boundary lines it deems necessary to meet the requirements of sections 247.110 to 247.227. Any subdistrict lines shall not become effective until the next annual regular election.

8. At such time that the court's order and judgment becomes final, the clerk of the circuit court shall file certified copies of such order and judgment with the secretary of state and with the recorder of deeds and the county clerk of the county or counties in which the district is located.

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